

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Directors' Report**

Your Directors submit their report of the company for the half year ended 31 December 2005.

**Directors**

The names of directors who held office during the half year and until the date of this report are:

Mr R J Murray  
Newsagent

Mr G M Vickers  
Business Consultant

Mr B Berry  
Motel/Conference Centre Owner

Mr R V Musgrove  
Bank Executive

Mrs R L Chisholm (resigned 8 February 2006)  
Teacher

Ms C L Fitzpatrick  
Salesperson

Mr M Magee  
Truck Body Builder

Mr L G Corallo  
Strawberry Farmer

Directors were in office for this entire period unless otherwise stated.

**Principal activities**

The principal activities of the company during the course of the financial period were in providing community banking services under management rights to operate a franchised branch of Bendigo Bank Limited.

**Review and results of operations**

Operations have continued to perform in line with expectations. During this period the company paid Donations and Community payments of \$181,447 (2004: \$23,497). The net profit(loss) of the company for the financial period was \$(12,267) (2004: \$108,366).

**Matters subsequent to the end of the reporting period**

The company purchased the branch site for a cost of \$500,000 with settlement due on 17 March 2006.

Other than stated above there are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Directors' Report**

**Auditor Independence Declaration**

The directors received the following independence declaration from the auditor of the company:

**Richmond Sinnott & Delahunty**  
**Chartered Accountants**



**10 Forest Street**  
**PO Box 30**  
**Bendigo. 3552**  
**Ph. 03 5443 1177**  
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**E-mail:**  
**rsd@rsd advisors.com.au**

**Auditor's Independence Declaration**

In relation to our review of the financial report of Warburton Community Financial Services Ltd for the half year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

**Warren Sinnott**  
**Partner**  
**Richmond Sinnott & Delahunty**  
**Bendigo**  
**14 March 2006**

Signed in accordance with a resolution of the Directors at Warburton, Victoria on  
14 March 2006

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Geoffrey M Vickers, Secretary/Director

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Condensed Income Statement**  
**for the half-year ended 31 December 2005**

	Note	2005 \$	2004 \$
Revenue from ordinary activities		410,883	404,393
Other revenue		18,302	14,883
Salaries and employee benefit expense		(135,951)	(138,868)
Depreciation and amortisation expense		(3,243)	(9,732)
Donations and community payments		(181,447)	(23,497)
Other expenses from ordinary activities		<u>(120,811)</u>	<u>(88,797)</u>
<b>Profit / (loss) from ordinary activities before income tax expense</b>		(12,267)	158,382
Income tax expense relating to ordinary activities		<u>-</u>	<u>(50,016)</u>
<b>Net profit / (loss) attributable to members of the entity</b>		<u>(12,267)</u>	<u>108,366</u>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<u><u>(12,267)</u></u>	<u><u>108,366</u></u>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the half year		(3.07)	27.09
- diluted for profit / (loss) for the half year		(3.07)	27.09
- dividends paid per share	<b>5</b>	9.00	9.00

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Condensed Balance Sheet**  
**as at 31 December 2005**

	<b>31-Dec 2005 \$</b>	<b>30-Jun 2005 \$</b>
<b>Current Assets</b>		
Cash assets	589,470	694,323
Receivables	78,812	62,761
<b>Total Current Assets</b>	<u>668,282</u>	<u>757,084</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	30,720	29,697
Intangibles	8,656	9,705
<b>Total Non-Current Assets</b>	<u>39,376</u>	<u>39,402</u>
<b>Total Assets</b>	<u>707,658</u>	<u>796,486</u>
<b>Current Liabilities</b>		
Payables	33,885	39,169
Provisions	22,587	14,424
Current tax liability	(23,615)	19,825
<b>Total Current Liabilities</b>	<u>32,857</u>	<u>73,418</u>
<b>Total Liabilities</b>	<u>32,857</u>	<u>73,418</u>
<b>Net Assets</b>	<u>674,801</u>	<u>723,068</u>
<b>Equity</b>		
Issued capital	400,000	400,000
Retained earnings	274,801	323,068
<b>Total Equity</b>	<u>674,801</u>	<u>723,068</u>

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Condensed Cash Flow Statement**  
**for the half-year ended 31 December 2005**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Cash receipts in the course of operations	435,920	444,826
Cash payments in the course of operations	(476,418)	(287,776)
Interest received	18,302	14,883
Income tax paid	<u>(43,440)</u>	<u>(40,850)</u>
<b>Net cash flows from (used in) operating activities</b>	(65,636)	131,083
<b>Cash Flows From Investing Activities</b>		
Payments for property, plant and equipment	<u>(3,217)</u>	<u>(1,658)</u>
<b>Net cash flows from (used in) investing activities</b>	(3,217)	(1,658)
<b>Cash Flows From Financing Activities</b>		
Repayment of borrowings	-	(3,630)
Dividends paid	<u>(36,000)</u>	<u>(36,000)</u>
<b>Net cash flows from (used in) financing activities</b>	<u>(36,000)</u>	<u>(39,630)</u>
<b>Net increase (decrease) in cash held</b>	(104,853)	89,795
Opening cash brought forward	<u>694,323</u>	<u>529,305</u>
<b>Closing cash carried forward</b>	<u><u>589,470</u></u>	<u><u>619,100</u></u>

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Condensed Statement of Changes in Equity**  
**for the half-year ended 31 December 2005**

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2004</b>	400,000	147,394	547,394
Net profit/(loss) for the period	-	108,366	108,366
Issue of share capital	-	-	-
Equity dividends	-	(36,000)	(36,000)
<b>As at 31 December 2004</b>	<u>400,000</u>	<u>219,760</u>	<u>619,760</u>

	<b>Issued Capital \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2005</b>	400,000	323,068	723,068
Net profit/(loss) for the period	-	(12,267)	(12,267)
Issue of share capital	-	-	-
Equity dividends	-	(36,000)	(36,000)
<b>As at 31 December 2005</b>	<u>400,000</u>	<u>274,801</u>	<u>674,801</u>

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2005**

**1. Basis of preparation of the Half-Year Financial Report**

**(a) Basis of accounting**

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of Warburton Community Financial Services Ltd as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP'). It is also recommended that this half year financial report be considered together with any public announcements made by Warburton Community Financial Services Ltd during the half year ended 31 December 2005 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

**(b) Statement of compliance**

The half year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half year financial report based on AIFRS and comparatives for the half year ended 31 December 2004 and full year ended 30 June 2005 have been restated accordingly. Other than detailed at 1(c) below, the accounting policies have been consistently applied and are consistent with those applied in the 30 June 2005 financial statements.

Reconciliations of:

- AIFRS equity as at 1 July 2004, 31 December 2004 and 30 June 2005; and
- AIFRS profit for the half year ended 31 December 2004 and full year ended 30 June 2005,

to the balances reported in the 31 December 2004 half year report and 30 June 2005 full year financial report prepared under AGAAP are detailed in note 1(d) below.

**(c) Summary of significant accounting policies**

Other than detailed below, the accounting policies have been consistently applied and are consistent with those applied in the 30 June 2005 financial statements.

The following accounting policies are different to those used in the 30 June 2005 financial report due to the first time adoption of AIFRS.

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2005**

**1. Basis of preparation of the Half-Year Financial Report (continued)**

**Income tax**

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

**Property, plant and equipment**

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of Asset	Depreciation Rate
Motor Vehicles	18.8%
Computers	25%
Plant & equipment	10-20%

***Impairment***

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2005**

**Recoverable amount of assets**

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

**1. Basis of preparation of the Half-Year Financial Report (continued)**

**(d) Impact of adoption of AIFRS**

The impacts of adopting AIFRS on the total equity and profit after tax as reported under AGAAP are illustrated below:

**Reconciliation of total equity as presented under AGAAP to that under AIFRS**

	<b>30-Jun 2005 \$</b>	<b>31-Dec 2004 \$</b>	<b>1-Jul 2004 \$</b>
Total equity under AGAAP	723,068	619,760	547,394
Adjustments	-	-	-
Total equity under AIFRS	<u>723,068</u>	<u>619,760</u>	<u>547,394</u>

**Reconciliation of profit after tax presented under AGAAP to that under AIFRS**

	<b>Year Ended 30-Jun 2005 \$</b>	<b>Half-year Ended 31-Dec 2004 \$</b>
Profit after tax as previously reported (AGAAP)	211,674	108,366
Adjustments	-	-
Profit after tax under AIFRS	<u>211,674</u>	<u>108,366</u>

**Explanation of material adjustments to the cash flow statement**

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Notes to the Financial Statements**  
**for the half-year ended 31 December 2005**

**2. Events subsequent to Reporting Date**

The company purchased the branch site for a cost of \$500,000 with settlement due on 17 March 2006.

Other than stated above there have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date.

**3. Contingent Assets and Liabilities**

Since the last annual reporting date there has been no material change of any contingent assets or contingent liabilities.

**4. Segment Reporting**

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Warburton, Victoria.

**5. Dividends Paid**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<i>Dividends paid during the half year</i>		
Final franked dividend for the year ended 30 June 2005 of 9 cents (2004: 9 cents unfranked)	36,000	36,000
<i>Dividends proposed and not recognised as a liability</i>		
Interim franked dividend for the year ended 30 June 2006	-	-

**6. Director and Related Party Disclosures**

The names of directors who have held office during the half year ended 31 December 2005 are:

Mr R J Murray  
 Mr G M Vickers  
 Mr B Berry  
 Mr R V Musgrove  
 Mrs R L Chisholm (resigned 8 February 2006)  
 Ms C L Fitzpatrick  
 Mr M Magee  
 Mr L G Corallo

The company hired Mr G Vickers, to perform services in relation to secretarial and treasurer operations for the Board. The amount paid to Mr G Vickers was \$3,175 for the half year ended 31 December 2005 (Year ended 30 June 2005: \$4,069).

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

<b>Directors shareholdings</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
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**Warburton Community Financial Services Ltd**

**ABN 54 090 252 627**

**Notes to the Financial Statements**

**for the half-year ended 31 December 2005**

Mr R J Murray	990	990
Mr G M Vickers	500	500
Mr B Berry	2,000	1,000
Mr R V Musgrove	-	-
Mrs R L Chisholm (resigned 8 February 2006)	5,000	5,000
Ms C L Fitzpatrick	100	100
Mr M Magee	2,000	2,000
Mr L G Corallo	1,000	-

	<b>B Berry</b>	<b>L Corallo</b>
Shares held at 31 December 2004	1,000	-
Shares purchased	1,000	1,000
Shares held at 31 December 2005	2,000	1,000

Other than stated above there was no movement in directors shareholdings during the period.  
Each share held has a paid up value of \$1 and is fully paid.

**Warburton Community Financial Services Ltd**  
**ABN 54 090 252 627**  
**Directors Declaration**  
**for the half-year ended 31 December 2005**

In accordance with a resolution of the directors of Warburton Community Financial Services Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company:
  - (i) give a true and fair view of the company's financial position as at 31 December 2005 and its performance for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 134, "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

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Geoffrey M Vickers, Secretary/Director

Signed in Warburton on this 14th day of March 2006